

them, I commend you. It is pretty obvious to this Senator you have joined them so that you can make their case that they ought to be permitted.

But I also say, if you were in Senator LOTT's shoes, or if I were, and you were being told on every one of these bills this is another one we are going to get something that is the minority agenda, and you will have to vote on it or else, I would be looking for ways to get the appropriations bills done.

Mr. BYRD. Would the Senator yield?

The PRESIDING OFFICER. The time is under the control of the Senator from Texas.

Mr. GRAMM. I am happy to yield.

Mr. BYRD. The Senator has asked me a question. He said: If you were here and Senators on the other side of the aisle said that—

Mr. DOMENICI. I did not make it a question. But if you think it is a question—

Mr. BYRD. I thought you said—

Mr. DOMENICI. I ended with a period; it wasn't a question mark.

Mr. GRAMM. I yield.

Mr. DOMENICI. But I will be glad to have your answer.

Mr. BYRD. The answer to that is, call up authorization bills. Let Members on this side offer their non-germane amendments to them. Then come to the appropriations bills, and the Senators on this side will have already had their chance. Call the legislative bills up. Why not have those bills called up? What are we afraid of?

The numbers are on that side of the aisle. As I said to the distinguished majority leader on one occasion: You have the numbers; you have the votes. Why not let the Democrats call up their amendments? You can beat them. You can reject them. You can table them. But if you do not have the votes to defeat them, perhaps that amendment is in the best interest of the country. And the Senate will have worked its will.

May I close by saying this—and I thank you for giving me this privilege—reference has been made to the time when I was majority leader, very graciously by the distinguished Senator from New Mexico, because he stated it was not done during my tenure of leadership while he has been here. But over one-third of the Senate today—over one-third of today's Senators—were not here when I was majority leader of the Senate.

I walked away from that position at the end of 1988 and became chairman of the Appropriations Committee in January 1989. More than one-third of the Senators were not here when I was majority leader. Even the distinguished majority leader, Mr. LOTT, was not in this body when I was majority leader.

But when I was majority leader, I say again, I attempted to protect the rights of the minority because I saw that as one of the reasons for the Senate's being.

I thank both Senators. Both Senators have been very kind to me and very courteous. I think very highly of them both. I respect their viewpoints.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. We are always kind to the Senator from West Virginia for two reasons: One, we love him; and, two, we know that we had best not be unkind to him because we know he is smart and tough.

TAX CUTS

Mr. GRAMM. Mr. President, I want to say a few words about taxes. I want to deviate from my background in schoolteaching to be brief because I have to run over for a 2:30 meeting on the banking bill and I want to hear a little bit of what the Senator from New Mexico has to say before I leave.

We are beginning a debate that is a very proper and important debate. I am frustrated in this debate because, in trying to discuss this issue with the White House, we have a concerted effort on their part to try to confuse the issue and mislead the American people as to what the choices are.

I want to direct my comments to the choice we face. Basically, we have the great and good fortune of having two things that have occurred at the same time. No. 1, beginning in the mid-1980s we started the process of gaining control over spending. It was not a dramatic change in policy, but over the years we have seen a gradual slowdown in the rate of growth in Government spending, beginning in the mid-1980s.

In the early 1990s we started to see an explosion of productivity as modern technology became incorporated in the workplace in America, and the result has been rapid economic growth and, with that economic growth, a growth in Federal revenues. We therefore have a situation which anyone would dream of having during their period of service in public life, and that is, we have a very large budget surplus.

Initially, the President proposed spending part of the surplus that comes from Social Security. I am proud to say that Senator DOMENICI, I, and others rejected that, and finally the President reached an agreement with us, in the best spirit of bipartisanship, that we were not going to spend the Social Security trust fund.

We are trying to lock that into law in the so-called Social Security lockbox. We have an agreement with the President on the principle. We have not reached an agreement with the President and with the minority party in the Senate on exactly how to lock it up, but we are working on that.

The debate we are beginning today is a debate about what to do with the surplus that comes from the general budget that does not come from Social Security, and, try as they may at the White House to confuse the issue and to mislead the public, there really are two stark choices being presented to the American people.

The first choice is presented by the President and his administration. In regard to what is called the President's

mid-session review, the Congressional Budget Office, which is the nonpartisan budget arm of the Congress, reviewed both the Republican budget and the budget submitted by the President. They concluded that the President's budget proposes \$1.033 trillion worth of new Government spending on approximately 81 new programs, above and beyond increases for inflation.

That \$1.033 trillion of new spending that the President's budget has proposed is so big that it not only uses up, for all practical purposes, the non-Social Security surplus, but in 3 of the next 10 years it will require plundering the Social Security trust fund or running an outright non-Social Security deficit because the level of spending is too big.

As an alternative, Republicans have proposed that out of the \$1 trillion non-Social Security surplus, we give \$792 billion back to the working people of America who sent the money to Washington to begin with and that we keep \$200 billion plus to meet the basic needs of the country and to meet uncertainties we might face.

That is a pretty clear choice. The President's budget says spend \$1.033 trillion on new Government programs. That is how they would use the non-Social Security surplus. Our proposal says, take about 80 percent of it and give it back to working people in broad tax cuts and keep 20 percent of it to meet critical needs and to deal with contingencies.

If that were the debate we were having, Republicans might be winning the debate, we might be losing the debate, but we would be having a meaningful debate. The problem is, the administration continues to mislead the American public and basically to claim they are not proposing to spend this money. While proposing \$1 trillion of new spending, they say that, by giving less than \$800 billion back to the public in tax cuts, in the words of the President, we "imperil the future stability of the country." This is quoting the President at a fundraiser, naturally, in Colorado, that by giving this \$800 billion back in tax cuts, we "imperil the future stability of the country." Yet to spend \$1.033 trillion on new programs, the President would do wonderful things for the country.

If the President were honest enough to stand up and say, Don't let Senator DOMENICI, don't let Senator LOTT, don't let Senator GRAMM give this money back to working people, let me spend it, I would have no objections to the debate. But I have to say that it begins to grate on a person when day after day after day this administration says things that are verifiably false with a level of dishonesty in public debate that is without precedent in the history of this country. No administration in debate on public policy has ever been as dishonest as this administration is. When you look at the actual numbers in their budget and then listen to what they are saying, it is as if

we are talking about two totally separate budgets.

The PRESIDING OFFICER. The Senator's 20 minutes have expired.

Mr. GRAMM. I yield the floor so Senator DOMENICI may speak.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, I ask unanimous consent that the 30 minutes prior to the vote at 5:30 be equally divided between the two leaders so they can have the last word on this issue.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I am very pleased that the distinguished Senator from Texas has joined me on the floor and that I am permitted to join him in the beginning of a debate. I know the Senator has to leave, and I will try to make my most succinct points in the next 5 minutes.

First, I will share with the American people, and in particular with my friend, how I see giving back some money to the taxpayers versus what else we are going to do with the surplus. I choose today, even though I looked around for a different dollar, an American dollar. This one is not signed by the new Secretary of the Treasury. I looked for one. I am not sure he signed any yet. This is one signed by his predecessor.

I want everybody to look at that. It represents, in my analogy today, the entire surplus that is going to be generated. According to the Congressional Budget Office and the Office of Management and Budget, using moderate economics, even assuming we are going to have a couple of downturns or recessions in the next 10 years, the total surplus we are going to accumulate is this number, if you will all just look at this chart. It is a little bigger than the Senator has been using, and the numbers are a little bigger in terms of how much we have left over to be spent, but it is \$3.37 trillion in the next decade.

Mr. GRAMM. You are using Social Security.

Mr. DOMENICI. I am using everything. This represents everything. Here is what the President says. The President says: Spend it all. Is that true? Does he say spend it all?

Well, look here. Here is a chart showing the entire \$3.71 trillion. He says, and we say, put \$1.9 trillion of it on the debt by putting it in a lockbox for Social Security. Then the Congressional Budget Office evaluates the rest of the President's proposal. Here it is in yellow. It is \$1.27 trillion, and every bit of that is literally spent, according to the Congressional Budget Office.

The President will argue about that because he even says he has a tax cut. We have looked at the tax cut he proposed. Not PETE DOMENICI, not PHIL GRAMM, but the Joint Tax Commission evaluated it. They said it is not even a tax cut. It is an expenditure. It is in

this spending, because the President is saying, collect taxes, give some of it back to some people so they can save it, but you are giving them tax dollars; you are not cutting their taxes. That is an expenditure of tax money.

Believe it or not, when you do that, the President increases taxes in his budget by \$95 billion.

Let me use the same dollar and let me share it with the Senator. Here is the entire accumulated surplus. Republicans say very simply, here are two quarters. We are going to put those two quarters into the Social Security trust fund, 50 percent. The number that is available for spending is bigger than the Senator said. It is \$434 billion for Medicare and other highly critical Federal programs, if there are any. So I am going to say one quarter for spending. And, lo and behold, what is the other quarter for? Tax cuts.

I ask the American people, out of \$1, is 25 cents given back to the American people for overtaxation too big a tax cut? Is it something we should become worried about, that we are going to destroy our Government?

I believe the truth of the matter is that you can't have any tax cuts if you propose what the President has proposed, because I will show you again what he proposes. On Social Security, he finally came our way, as the Senator said, and said put it all in a trust fund. All of the rest is spent.

Let me ask, if we spend it all, is there any left for tax cuts? I mean, by definition, he is spending it all so there is nothing left for tax cuts.

A lot has been said about the distinguished economic stalwart of America, Dr. Alan Greenspan, in the last few days. What has he said about it? I want to tell my colleagues that regardless of what was said in the last few days, Alan Greenspan has essentially made two statements about a surplus. I will give verbatim one of them from January 29 before our committee. Here is what he said: I would prefer that we keep the surplus in place; that is, reduce the debt. "If that proves politically infeasible," he said, "cutting taxes is far superior to spending, as far as the long-term stability of the fiscal system and the economy is concerned."

In the last speech he made, and I quote: "Only if Congress believes that the surplus will be spent rather than saved is a tax cut wise."

Now, we don't have to guess about that. Why do we not have to guess about that? Because the President has already told us he is going to spend it. So Dr. Greenspan said, if you are going to spend it, it is far better for America's economic future to cut taxes.

Essentially it seems to this Senator that we are being sold a bill of goods.

We are being told that to spend one quarter of the surplus, that giving back the American people some of their overtaxation is risky to the economy. Dr. Alan Greenspan said the riskiest thing to do with the surplus is to spend it. That is what he just said. We are

saying that we agree with him. We think it is too risky to do what the President is recommending. He will, by the time he is finished, have spent every cent of it, and he will call some of it "saving Medicare."

I want everybody to know this. Let's look at this chart again. I don't know how much it is going to cost for the Finance Committee and the House Members to fix Medicare. They are working on it. They have all worked terribly hard on a bipartisan commission, and the President shot it down. Senator BREAUX was involved in that, and he believed that we had one going. What we are saying—and this is very, very important—when we have completed our tax cut, there is \$434 billion left for a Medicare fix, Medicare reform, and prescription drugs, if you want it, and for other highly important programs, such as education, defense, and others. In fact, we might, as the debate goes on, put together a budget and come to the floor and show how this \$434 billion might be used so that everyone will know there is money for education, if that is what you want, and there is money for Medicare reform, if that is what you want, and there is money for defense, because we have been told that that is what is left over as a surplus item, and it doesn't belong to Social Security. So it is either used for tax cuts or it is spent. We are saying: Save a quarter of it, give it back in tax dollars, and put a quarter of it in a rainy day fund, so to speak—a quarter of the dollar I showed you.

I want to close with a few more comments.

Mr. GRAMM. Will the Senator yield before he gets into his closing remarks?

Mr. DOMENICI. Yes.

Mr. GRAMM. Mr. President, let me make a point that I think goes right to the heart of the statement by the President that something is extreme about our fairly modest tax cut. I have a chart here that I wish every American could see and understand. It shows the percentage of the economy that was coming to Government the day Bill Clinton became President.

The day Bill Clinton became President, the Government was collecting in taxes 17.8 cents out of every dollar earned by every American. As you will recall, in 1993, we had a very big tax increase, and with the growth in the economy, the Government is now taking in 20.6 percent of every dollar earned by every American. If we took the entire surplus—not the \$794 billion being proposed by Republicans, but the whole \$1.33 trillion, or whatever it is—if we took the whole surplus, which we are not proposing to do, and gave it back in a tax cut, 10 years from now, when it was fully implemented, the Federal Government would still be taking 18.8 percent of every dollar earned in taxes, which is substantially more than it was the day Bill Clinton became President.

So what Bill Clinton is calling a "dangerous, huge tax cut" is actually a

relatively modest tax reduction as compared to the tax increase and revenue growth that has occurred in the 6½ years that Bill Clinton has been President, even if we cut taxes by the amount of the entire surplus, which we are not proposing to do. But even if we did, the tax burden would still be higher than it was the day Bill Clinton became President. That is a point I think people need to understand.

Mr. DOMENICI. Mr. President, I want to wrap this up, and I intend to do this everywhere I can, anyplace I am asked, on any TV show I can get on. In summary, plain and simple, it is the following: The man who is most responsible for a good American economy is probably Dr. Alan Greenspan of the Federal Reserve Board. He has said:

I would prefer that we keep the surplus in place and reduce the public debt. If that proves politically infeasible, cutting taxes is far superior to spending it.

Here is the Republican budget: Debt reduction in Social Security, in literal numbers, I used in the summary 50 percent; it is actually 56 percent. Literally, the tax cut is less than a quarter; it is 23 percent. The money left over for Medicare and other programs is 20.1 percent. Frankly, that is a good plan. That is balanced, and it is not risky.

Here it is encapsulated in another manner. Here is the President's plan: Of the \$3.3 trillion accumulated over the next decade, \$1.901 trillion goes into Social Security and debt service. He contends he has done more in debt service than we have. Frankly, who do you believe? We believe the Congressional Budget Office. They say we are putting more on the debt than the President is. So when his emissaries get on television and say "we want to reduce the debt," the implication is that Republicans don't. But we are doing the same amount, or more, than the President. It is right there.

The President then says that they don't want to do any tax cuts because, if you look at his budget, according to the Congressional Budget Office, including a tax cut—which is not a tax cut—he spends every nickel of it. If you want to talk about a risky policy, that is a risky policy. From what I can tell, that is what Dr. Alan Greenspan said would be the worst thing to do—to spend all the surplus.

Last, our plan: Debt reduction and Social Security trust fund encapsulated, so they can't be spent, in a lockbox. Tax cuts, \$794 billion, and for expenditure items that are very necessary, such as Medicare, education, defense, and others, there is \$434 billion left over.

Now, it is very difficult when the Secretary of the Treasury—the new one—gets on talk shows and says what a risky policy this is. He talks about the fact that they want to preserve or do more on the debt than we do. We are bound by the Congressional Budget Office in the Congress, and they tell us we are doing as much, or more, than the President in that regard. They tell us the President is spending every dime

of the surplus on one program or another, or for a tax cut that is not a tax cut. And they maintain that a Republican plan that says, use 75 cents on a dollar for Social Security, debt reduction, Medicare, and domestic priorities, and give 25 percent back to the public, is risky. What is risky about it? Is it risky to give 25 cents out of a dollar back to the public to spend and less risky to keep it here and let the Federal Government spend it? I don't believe anyone would agree it is more risky to give some of it back to Americans and let them spend it, as compared with keeping it here and spending the entire 100 percent of the surplus on Federal Government-controlled programs and projects.

Whatever time I have remaining, I yield back, and I yield the floor.

Mr. CRAPO addressed the Chair.

The PRESIDING OFFICER (Mr. HAGEL). The Senator from Idaho.

Mr. CRAPO. Mr. President, I yield myself such time as I may consume.

Mr. President, I will commit most of my time to comments on the debate with regard to returning to the full import of Rule XVI. However, before I do that, I want to comment on the debate that has just taken place regarding tax relief. I think it is critical that we in America today understand that we have moved into a time of budget surplus, just what those surpluses mean, and what the opportunities are for the American people.

Prior to the last 3 or 4 years, we saw, I think, that most Americans became accustomed to the fact we were running very large deficits, and that the Federal Government was not able to conduct its fiscal policy in a manner that was balanced. One of the commitments I made when I ran for the House of Representatives 6 years ago was to work to try to balance the Federal budget. Fortunately, for me, and I think for all Americans, we were able to successfully achieve that objective.

The budget today is balanced. In fact, the projections we just heard talked about show that no matter how you look at the budget—whether you count the Social Security dollars, which I don't think should be counted, or whether you don't—we are moving into a balanced posture for the Federal Government.

The debate today is over what we do in a surplus posture. It is a debate that Americans have not been able to have for decades because our Government has not run surpluses. Now that we are engaged in this debate, it is critical for Americans to focus and to identify what our fiscal policy should be as we move into an era of projected surpluses.

In that context, I think it is critical that a few important priorities be recognized and acknowledged by the country.

First and foremost, I am glad we have agreement on the principle, even though we don't have agreement on the details yet, that we have to protect the Social Security trust fund surplus dollars, and make certain that what

Americans pay into the Social Security system is not then taken by Congress and the President and spent on other spending by counting those surpluses against the unified budget.

We have a lock—in a way, a lockbox—which is now before the Senate that we have voted on six or seven times this year. We have to make sure those parts of the surplus remain dedicated to the Social Security trust fund. With the remainder of what I call the true budget, the onbudget surplus, we have to decide as a country on what we are going to focus.

Over the next 10 years, we will have a surplus somewhere in the neighborhood of \$1 trillion. You have heard different numbers discussed today. I think it is important that we not continue the path of growing the Federal Government, expanding the spending posture of the Federal Government, and spending those surplus dollars. If we do so, we will find a time in the near future when we will not be able to maintain surpluses in our budget; we will return to deficits, and we will see the national debt continue to rise.

As a result of that, I think it is critical we focus on two high priorities. One is to reduce the national debt. Although we have balanced the Federal budget, we haven't reduced the national debt to zero. That should be one of our highest priorities. Two is to make sure that we return to the American people a tax cut.

The American people recognize that this is an opportunity. It is an opportunity that we may not have too many times as we work through these difficult budget times to achieve tax relief. But to use, as the Senator from New Mexico indicated, just one quarter of this total surplus picture for tax relief I think is an appropriate commitment.

That leaves us the opportunity to provide resources to parts of our Federal obligation that need strengthening. It gives us and the American people the opportunity to strengthen and to stabilize the Social Security trust fund. It is a sound policy.

I think America should begin to focus on this debate as Congress works its way into a very important new era: How do we deal with budget surpluses?

RESTORATION OF THE ENFORCEMENT OF RULE XVI—Continued

Mr. CRAPO. Mr. President, I came to the floor to talk about the question that we will vote on at 5:30; namely, will we restore the meaning of rule XVI?

Over the last 2 or 3 months, there has been a lot of debate and discussion among us in the Senate on this issue. One part of that debate has been that it was the Republicans who changed the rule by voting to override it a couple of years ago. The Democrats at that time voted not to override it.